

NEWS

Employment Quota for Persons with Disabilities at Private Enterprises to be Incrementally Raised to 2.3%

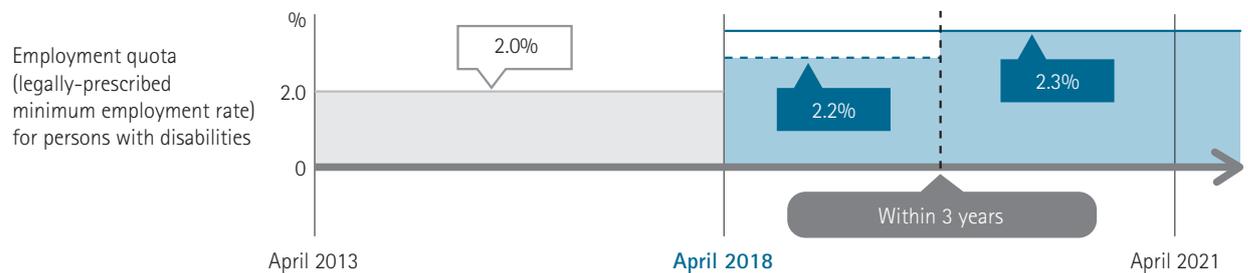
The Labor Policy Council, (an advisory panel to the Minister of Health, Labour and Welfare), approved the report of its Subcommittee on Employment of Persons with Disabilities and submitted its findings to Minister Yasuhisa Shiozaki on May 30, 2017. The report included the ministry’s proposal to incrementally raise the employment quota* applied to private-sector employers from the rate of 2.0% to 2.3%. The subcommittee has addressed measures by the ministry (MHLW) and declared such measures “on the whole reasonable” in the report. Consequently, it was determined that the employment quota for persons with disabilities would be raised from 2.0% to 2.2% in April 2018, and further raised to 2.3% by the end of FY 2020 (Figure 1).

*Employment quota is the legally-prescribed minimum employment rate of persons with disabilities whom employers must employ among their total employees.

Japan’s efforts to facilitate the employment of persons with disabilities are fundamentally based on the principle of achieving an inclusive society. Promoting the independence of persons with disabilities by enabling them to pursue an occupation

is considered an important aspect that needs to be addressed to achieve such a society in which people with disabilities are able to live a normal life in their communities and be included as a member of those communities. On the basis of such principles, the Act on Employment Promotion etc. of Persons with Disabilities set out an employment quota for persons with disabilities as an obligation for enterprises and other such employers to fulfil. In doing so, it sought to ensure that persons with disabilities receive the same level of opportunity to become regular employees as workers without disabilities.

An act for partial amendment to the Act on Employment Promotion etc. of Persons with Disabilities was enacted in June 2013, and has been enforced in stages. In addition to prohibiting discriminatory treatment such as refusing to hire or dismissing persons on the grounds of disability, the amended Act also prescribed the obligation to provide reasonable accommodation—that is, the obligation to pursue measures to solve difficulties that hinder persons with disabilities in the workplace, such as adjusting the height of desks or workbenches for persons in wheelchairs, or using the written



Source: Prepared by the editor based on the leaflet distributed by the Ministry of Health, Labour and Welfare.

Notes: 1. The employment quota for persons with disabilities will be raised from the 2.0% to 2.2% on April 1, 2018. The rate will be further raised to 2.3% by the end of FY 2020, of which specific timing will be discussed by the Labor Policy Council at a later date.

2. The scope of enterprises and other such employers applicable will be expanded from employers with 50 employees or more to those with 45.5 employees or more in April 2018. The scope will be further expanded to employers with 43.5 employees or more once the employment quota is raised to 2.3%.

Figure 1. Schedule for increasing the employment quota for persons with disabilities (for private enterprises)

word or drawings to provide easily comprehensible explanations to persons with intellectual disabilities. In doing so, the Act seeks to ensure that employers and coworkers pursue means of interacting with persons with disabilities on a more equal footing.

Moreover, persons with mental disabilities are to be added to the basis for calculating the employment quota for persons with disabilities, which formerly prescribed the employment of persons with physical disabilities and persons with intellectual disabilities. Alongside this, measures such as the raise in the employment quota for persons with disabilities have also been adopted, and the revision of the employment quota will take effect on April 1, 2018.

It is stipulated that the employment quota for persons with disabilities shall be prescribed by government ordinance at least every five years based on consideration of the trends in the percentage of persons with disabilities in employment. Up until now, the rate has been calculated using “number of regular employees – number of employees to be omitted according to relevant exemption rate + number of unemployed persons” as the denominator, and “number of persons with physical disabilities and persons with intellectual disabilities in regular employment + persons with physical disabilities and persons with intellectual disabilities in unemployment” as the numerator.

$$\begin{array}{l}
 \text{Employment rate} \\
 \text{of persons with} \\
 \text{disabilities} \\
 = \\
 \frac{\begin{array}{l} \text{number of persons with} \\ \text{physical disabilities, persons} \\ \text{with intellectual disabilities} \\ \text{and persons with mental} \\ \text{disabilities in regular} \\ \text{employment} \end{array} + \begin{array}{l} \text{persons with physical} \\ \text{disabilities, persons with} \\ \text{intellectual disabilities and} \\ \text{persons with mental} \\ \text{disabilities in unemployment} \end{array}}{\begin{array}{l} \text{number of regular} \\ \text{employees} \end{array} - \begin{array}{l} \text{number of employees} \\ \text{to be omitted according} \\ \text{to relevant exemption rate} \end{array} + \begin{array}{l} \text{number of} \\ \text{unemployed persons} \end{array}} \\
 \text{Starting with April 1, 2018}
 \end{array}$$

Adding persons with mental disabilities to the basis for calculating the employment quota

As a result of the amendment to the Act, persons with mental disabilities have been newly added to the basis for calculating the employment quota for persons with disabilities from April 2018. In the first provisional calculation of the employment quota with the addition of persons with mental disabilities to the numerator, the denominator is 37.05 million people and the numerator is 897,000 people, making

a rate of approximately 2.42%.

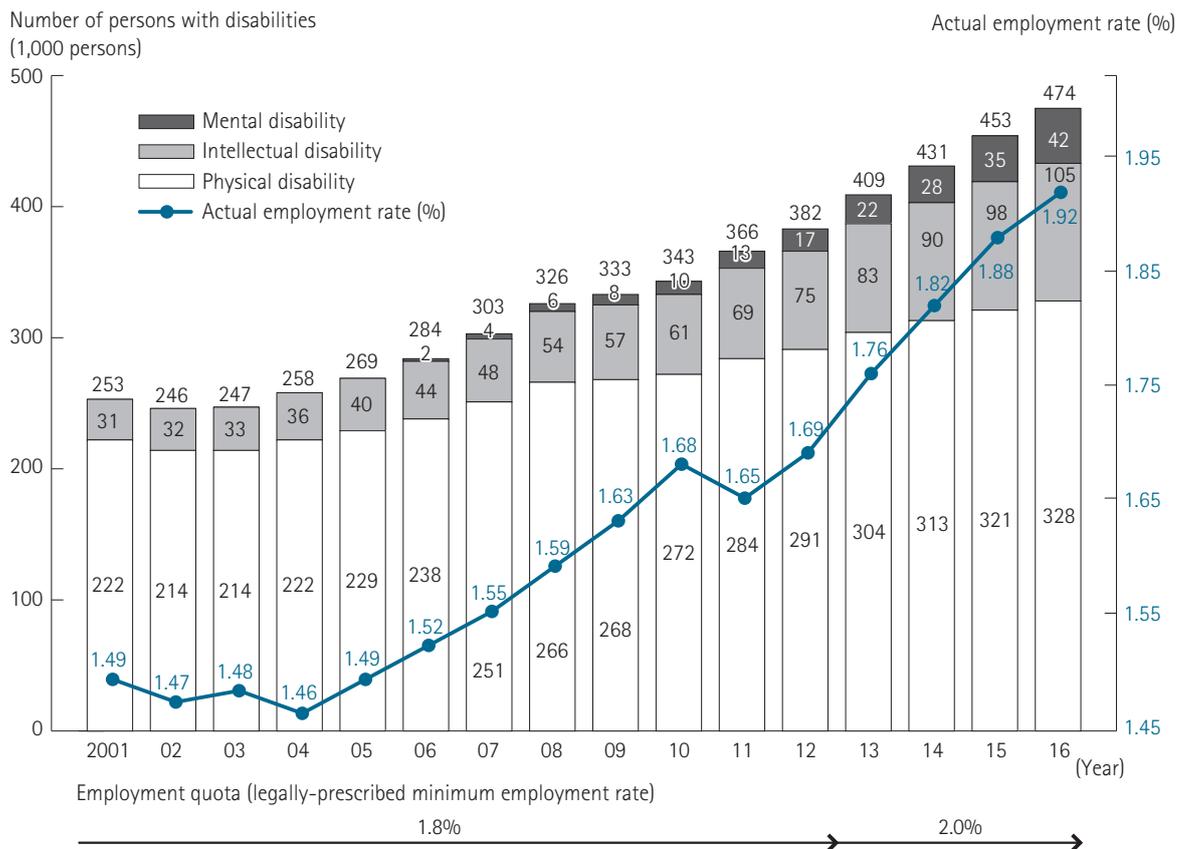
Employment quota to be raised to 2.2% for private-sector employers

While working on this basis, MHLW also took into account the state of employment of persons with disabilities and other conditions when stipulating the employment quota for persons with disabilities. It therefore investigated the possibility of setting the rate at 2.3% for private-sector employers, at 2.6% for national and regional public bodies and specified incorporated administrative agencies, for which the rate is to be set no lower than that for private-sector employers, and at 2.5% for prefectural and local boards of education, for the five years after the amendment taking effect—namely, April 1, 2018 to March 31, 2023. These quotas were approved by the Labor Policy Council on May 30, 2017. This time, however, in consideration of the burden on enterprises, a transitional measure has been put in place provisionally setting rates at 2.2% for private-sector employers, 2.5% for national and regional public bodies and specified incorporated administrative agencies, and 2.4% for boards of education. This is with the proviso that this transitional measure shall be abolished within 3 years of the government ordinance taking effect, once efforts have been made to further the employment of persons with disabilities and the employment of persons with disabilities has been stabilized.

Moreover, along with the rise in the employment quota for persons with disabilities to 2.2%, the scope of private enterprises and other such employers obliged to employ persons with physical disabilities also expanded. The scope, “employers with 50 or more employees,” will be changed to “employers with 45.5 or more employees (with each part-time employee counted as 0.5),” and will be changed later to “employers with 43.5 or more employees” when the employment quota is raised to 2.3%.

Majority of enterprises failing to meet the employment quota despite rise in numbers of persons with disabilities in employment

Since the quota system regarding the employment of persons with disabilities was first launched in 1977, the actual employment rate has risen from



Source: MHLW, "Shogaisha koyo jokyo no shukei kekka" [Aggregated results on the state of employment of persons with disabilities], 2016. <http://www.mhlw.go.jp/file/04-Houdouhappyou-11704000-Shokugyouanteikyokukoureishougaiikoyoutaisakubu-shougaisakoyoutaisakuka/0000146180.pdf> (Japanese only)

Notes: 1. Data is for companies obliged to employ persons with disabilities (up to 2012: companies with 56 or more employees; from 2013 onward: companies with 50 or more employees).

2. "Number of persons with disabilities" shows the totals of the following types of people:

- Up to 2005; Persons with physical disabilities (each person with severe physical disabilities counted as two people)
- Persons with intellectual disabilities (each person with severe intellectual disabilities counted as two people)
- Part-time employees with severe physical disabilities
- Part-time employees with severe intellectual disabilities
- From 2006 to 2010; Persons with physical disabilities (each person with severe physical disabilities counted as two people)
- Persons with intellectual disabilities (each person with severe intellectual disabilities counted as two people)
- Part-time employees with severe physical disabilities
- Part-time employees with severe intellectual disabilities
- Persons with mental disabilities
- Part-time employees with mental disabilities (each part-time employee with mental disabilities counted as 0.5)
- From 2011; Persons with physical disabilities (each person with severe physical disabilities counted as two people)
- Persons with intellectual disabilities (each person with severe intellectual disabilities counted as two people)
- Part-time employees with severe physical disabilities
- Part-time employees with severe intellectual disabilities
- Persons with mental disabilities
- Part-time employees with physical disabilities (each part-time employee with physical disabilities counted as 0.5)
- Part-time employees with intellectual disabilities (each part-time employee with intellectual disabilities counted as 0.5)
- Part-time employees with mental disabilities (each part-time employee with mental disabilities counted as 0.5)

3. The employment quota was set at 1.8% until 2012, and at 2.0% from April 2013 onward.

Figure 2. Trends in actual employment rate and number of persons with disabilities in employment (private enterprises)

1.09% at that time to 1.92% in 2016, the most recent figure before the amendment this time. While it has dropped at a few points, it has generally been on the rise (Figure 2). The number of persons with disabilities in employment has risen to a total of 474,000 people (of which 328,000 are persons with physical disabilities, 105,000 are persons with intellectual disabilities, and 42,000 are persons with mental disabilities), with a consistently higher figure recorded each year over a period of 13 years.

The employment quota for persons with disabilities has also been raised over the years, from the initial 1.5% to 1.6% on April 1, 1988, to 1.8% on July 1, 1998, and again to 2.0% from April 1, 2013 onward. In contrast, the percentage of enterprises

fulfilling the employment quota was as low as 48.8% even in the most recent figures recorded in 2016. Initiatives are particularly behind at small and medium sized enterprises.

A levy (50,000 yen per month for each person under the quota) is collected from enterprises (with over 100 regular employees) that fail to meet the employment quota for persons with disabilities. On the other hand, enterprises and other such employers that meet the quota receive adjustment subsidies (27,000 yen per month for each person over the quota) or financial incentives (21,000 yen per month for each person over the quota, only for enterprises with 100 employees or fewer).